

as boilers, pumps, fans, motors, pipe work, plumbing fixtures, steam heating appliances, ventilating apparatus, registers, grills and any other mechanical devices or apparatus that are necessary, to the functioning of the building. In connection with the hotel I would include kitchen equipment such as sinks, stoves, ranges, hoods, mixers and grinders and silver polishing or washing devices, glass and china washing devices. I would not put in this category of equipment beds, rugs, carpets, furniture, linens, curtains, shades, and these things that would come under the general classification of furniture and furnishings in this particular case. Now, if you will ask your question with this in mind, I think we will understand the differences that I make and that the general differences between equipment and furnishings are evident. Got that Mr. Cooney?

Q 14.

A 14.

Did you inspect all of the items that you just enumerated? I cannot say that I would classify my check up of value to have included the itemization of all these items above enumerated, because they would constitute a rather small proportion of the value of the building as compared with the value of the land and the structure itself. Let me explain, this became and did at the time appear to become a matter of small importance or consequence because my estimate of the replacement value of the building so far exceeded the contemplated purchase price or the approximate purchase price that the bearing of the exact of the condition of these devices was not important. In the finality I employed, as we usually employ, in my appraisal, certain constants or units, which through long familiarity with building construction, both in our office and incidentally elsewhere we have found to apply in arriving at the cost of a completed building or the value of one already under construction.

Q 15.

A 15.

Do you now recall whether or not your report contained any discussion of the value or condition of the mechanical devices that were installed in the building?

The only interest I had in the mechanical devices was whether they were functioning or appeared to be in a condition to continue to function. The value of the mechanical equipment to the building and grounds, as far as the whole value was concerned, was relatively small, and I do not believe in my report to Dr. Smith I went specifically into detail with him in this regard.

Q 16.

Do you recall what year it was you made this inspection,

A 16.. No, I don't, unless I had some way of determining that from the records.

Q 17. For your information I will state that the records of the Board of Supervisors of the University show that the purchase of this building was approved in September, 1936. However, the act of sale was at a later date but still before the year 1936. Does this information help you to fix the approximate time that you made this appraisal?

A 17. I am afraid it does not.

Q 18. At the time that you made this appraisal were you informed as to the amount of the contemplated purchase or the purchase price?

A 18. I think that I knew this, I am not absolutely certain just what the exact amount of the purchase price was, or that it was known to me. I would not be surprised, however, that the contemplated purchase price was known to me at that time.

Q 19. Did your discussion with Dr. Smith fix your opinion as to the definite value of this building for use of the University?

A 19. I was - I suppose I should say - I was aware of the contemplated use of the building at the time I made the appraisal and viewed the prospective purchase from the angle of the usefulness of the building to the University in lieu of the cost of the building, as I have done on similar occasions in this city. My recollection is that Dr. Smith, in discussing this matter with me, stated that it was his intention to use certain upper floors as dormitories for housing students at the medical school in New Orleans. Portions of other floors were to be used for the re-establishment of the Extension Department or Division of Louisiana State University, which had been operating under the direction of Dr. Griffith, I believe, and which was very popular, and which, when discontinued because of the objections which some other local colleges or institutions caused numbers of requests to be made upon Dr. Smith to re-establish it. The remainder of the building Dr. Smith stated that he thought he could rent to some state departments in the city of New Orleans which were occupying quarters rented from individuals, and possibly the first floor might return revenue from commercial enterprises such as stores. The cost of provisions to take care of this contemplated program would have been many times the cost of the purchase price of this property. I did not approach the matter of establishing the value of this property to the University on the same basis I would have approached the sale of this property to some other prospect to operate as a hotel or to an investor who had no specific pre-arranged use of the building in mind, nor to any private individual where the question of taxation would have to be taken into consideration in connection with the net income.

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Q 20.

My interpretation is that you consider the usefulness of the building by the University, or the uses to which you understood it was to be used, rather than determining the actual sale value of the building as important? Is that correct?

A 20.

That is not entirely correct because I did take into consideration the cost of re-placing the building as the first figure to be determined and I obtained information that the cost of the building with its fixtures and equipment may exceeded, in my opinion, the approximate contemplated purchase price.

Q 21.

Then you must have known what the contemplated purchase price was.

A 21.

I must have known that. I believe that I was asked to ascertain whether that particular price was a fair price for the property. I think that is correct.

Q 22.

Was it your understanding that this purchase price was or was not to include the room furnishings, crockware, kitchenware, etc.

A 22.

Yes, I am quite sure at no time was I asked to include the items that you mentioned in establishing the correctness of the purchase price.

Q 23.

Mr. Weisse, do you recall the date that you billed the University for your services in connection with this matter?

A 23.

We do not send bills. We, from time to time, ask owners for money, and if the owner is willing to pay then and it is available, we receive this money and send the owner a certificate or receipt. We do not carry on our books accounts payable by clients, though we have means of checking the outstanding amounts due with reference to records in our office in various reports supplemented by re-collection of services rendered. The only time we send a bill or certificate to an owner - we sometimes send bills or certificates to owners in the form of a "dun" where an owner has failed to make payment. There are some cases like that.

Q 24.

This particular bill for \$5,750.00, to whom did you send this bill or certificate?

A 24.

I believe that the bill was rendered to the University, when Dr. Smith, at my request, announced that he was ready to pay it. That is usually the way these things are done.

Q 25.

Did you personally send this bill?

A 25.

I do not know. I may have personally rendered the bill, I think that is correct.

Q 26.

Was the bill prepared in your office?

A 26.

I do not know. It would not make much difference - to me at least.

Q 27.

From my point of view, it makes a material difference.

A 27.

I cannot answer that because I do not remember.

Q 28.

The reason it makes a material difference is the fact that this item was not reported on your personal records or your firm's records.

A 28.

I have explained that as an oversight this was made and that as soon as the matter reached my attention I made application for the privilege of paying the income tax and I did pay the income tax.

Q 29.

Do you know whether or not that you personally delivered this bill to Dr. Smith?

A 29.

No, I presume that I did because it was my own individual bill and transaction, I think that is correct.

Q 30.

Do you recall whether or not that the \$5,700.00 check that was issued to you in payment of the bill on or about May 19, 1937, was delivered to you by Dr. Smith on or about that date?

A 30.

No, but I cannot say how it could have been otherwise.

Q 31.

Since refreshing your memory on this matter, do you now recall cashing this check in Baton Rouge?

A 31.

No, I cannot remember that.

Q 32.

Can you now swear that you paid no part of the proceeds of this check to Dr. Smith?

A 32.

I do not recall giving any part of the proceeds of this check to Dr. Smith.

Q 33.

Do you recall paying any part of the proceeds of this check to any as a commission, rebate or loan?

A 33.

I do not.

Q 34.

Mr. Weiss, the records of Louisiana State University disclose that on March 18, 1936 that institution issued check No. 5790 for the sum of \$20,000.00 payable to the order of Weiss, Dreyfous and Seyforth and endorsed by you in the name of the firm. You have previously testified that you endorsed this check back to the University in payment of \$20,000.00 par value of bonds in that institution. What certificates were used to support the payment of this check?

A 34.

From information that I now have this payment was supported by two certificates that had been made by our firm and signed by our firm for payments on stadium-dormitory projects and which had been previously paid. It was not within the compass of my knowledge or information at the time the payment was made. I can explain that. I think I should. In our numerous dealings - In the course of our long contract with the University there were times when the University's finances apparently were not -

what shall I say - full or flush, and we had in the past made application for payment of certificates. It was understood and had been said by Mr. Smith that he would send the certificates requested and that I should pay for the certificates. In some cases certificates were sent in by Mr. Smith because of his assurance that he would pay for them. There were occasions when certificates were sent in and they were not honored after his promise. Some certificates were ordered in part and no certificates were sent to him. It is probable that Dr. Smith has, or may have had in his possession certificates sent by our office, receiving the same. It is a conviction that the proper check would issue it. It is my belief that I was of the opinion, and I believe that I am, that Dr. Smith possessed certificates which were not honored, proper and correct, which would serve as vouchers to this transaction. I repeat, I did not know that these certificates, which, through the complexity of the transaction, which I am unable to explain, were used to voucher payment by check No. 179.

Q 34.

Mr. Weiss, what service did you or your firm render in connection with the planning or building of the residence of Mr. E. N. Jackson?

A 34.

Our office designed the residence for Mr. E. N. Jackson and furnished him plans for the construction of this residence. Thereafter we had no interest in, or connection with, the construction of the residence. I personally did not set foot upon the property or within the residence in question during its construction at any time. In fact, the only time that I was ever in Mr. Jackson's residence was on Monday, May 28, which I have ascertained to be the date of the last Louisiana State University Commencement, on which occasion, accompanied by Dr. Smith, I called upon Mr. Jackson and his family to have afternoon tea - and I mean tea. We remained in Mr. Jackson's residence on that day not over half an hour and that was the first and is the only time that I was ever in the house. I gave no supervision during construction. I believe our office served Mr. Jackson in the correction and the checking of small details. This check would be for conformity of work or mill drawings with the original drawings. Does that answer your question?

Q 35.

What payment did your firm receive for this service?

A 35.

I never received one cent for these services because Mr. Jackson said that he was crowded for money and that some time he would pay us for these services.

Q 36.

What was the agreed price for these services?

A 36.

There was no agreed price, for these services. The normal price which we charge for residence work included preliminary soundings, working drawings and specifications, checking of details

and almost daily supervision in the City of New Orleans is 10%. Of this fee approximately 6%, or three-fifths of the whole, would be chargeable to the cost of plans and specifications up to the time of the award of the contract.

Q 27.

What is the approximate fee that you proposed to render Mr. Jackson for the particular services rendered him?

A 27.

I do not think we proposed that bridge, because as I said before we send no bills, we requested payments from owners either by telephone or in person, and if they are ready to pay we send them a certificate and they send us a check. Our routine work and in fact most of our professional contracts are rather informal as compared with the procedure in normal commercial or merchandising transactions.

Q 28.

Do you mean to state that no agreement has been made as to the amount of this fee to date?

A 28.

The matter has not been discussed thus far, except that Mr. Jackson himself stated that he expected to and would pay a fee.

I have read the foregoing statement, consisting of thirty-eight questions and answers, and the answers to questions propounded to me are true and correct to the best of my knowledge and belief.

SEYMOUR WEISS

SUBSCRIBED AND SWORN TO BEFORE ME THIS THE _____
DAY OF JULY, A.D., 1939.

SPECIAL AGENT.

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COMMUNICATIONS SECTION

JUL 12 1939

TELETYPE

Mr. Tolson
Mr. Nathan
Mr. E. A. Tamm
Mr. Clegg
Mr. Coffey
Mr. Egan
Mr. Glavin
Mr. Crowl
Mr. Harbo
Mr. Lester
Mr. Lawler
Mr. Nichols
Mr. Rosen
Mr. Sears
Mr. Quinn Tamm
Mr. Tracy
Miss Gandy

FBI NEW ORLEANS 7-12-39 3-45 PM ALS

DIRECTOR

RE LOUISIANA STATE OFFICIALS, INFORMATION CONCERNING. JAMES MONROE

SMITH APPEARED BEFORE BATON ROUGE PARISH GRAND JURY FOR TWENTY MINUTES THIS MORNING APPARENTLY UNDER PROTEST SINCE BOTH DISTRICT ATTORNEY AND REPORTER STAYED OUT OF JURY ROOM. SUBPOENAS HAVE BEEN SERVED UPON EX GOVERNOR LECHE, GENERAL GUERRE, SUPERINTENDENT LOUISIANA STATE POLICE, SUPERVISOR OF PUBLIC ACCOUNTS FRANK SHATTUCK, AND OTHER OFFICIALS TO APPEAR BEFORE BATON ROUGE GRAND JURY TOMORROW MORNING.

USA VIOSCA BELIEVES HE WILL HAVE EXCELLENT MAIL FRAUD CASE IN CONNECTION WITH PAYMENT OF SEVENTY FIVE THOUSAND DOLLARS OF UNIVERSITY FUNDS IN PURCHASE OF BIENVILLE HOTEL. THIS MONEY WAS ALLEGEDLY PAID FOR FURNISHINGS IN BUILDING IN ADDITION TO PURCHASE PRICE ALTHOUGH PURCHASE PRICE SUPPOSED TO HAVE INCLUDED ALL EQUIPMENT AND FURNISHINGS. VIOSCA EXPECTS TO BE READY TO HAVE GRAND JURY RETURN MAIL FRAUD INDICTMENT THIS FRIDAY HOWEVER HE WILL TELEPHONE THE ATTORNEY GENERAL FOR ADVICE BEFORE HAVING GRAND JURY MAKE ITS RETURN. HE EXPECTS TO INDICT EX GOVERNOR LECHE, JAMES MONROE SMITH, SEYMOUR WEISS, MONTE KHART, J. EMORY ADAMS, LOUIS LESAGE AND POSSIBLY E. N. JACKSON, IN THIS MAIL FRAUD CONSPIRACY.

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170 SEP 17 1964

USA VIOSCA BELIEVES THIS MAIL FRAUD CASE IS MUCH MORE IMPORTANT THAN JAMES MONROE SMITH THAN INCOME TAX EVASION CASE. THE SCHEME TO

U. S. DEPARTMENT OF JUSTICE

TOLSON TAMM ONE

Shawn A. G. 7/14/39

62-32509-143

JUL 15 1939

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DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION

JUL 12 1939

TELETYPE

Mr. Tolson
Mr. E. A. Tamm	.....
Mr. Clegg	.....
Mr. Coffey	.....
Mr. Glavin	.....
Mr. Crowl	.....
Mr. Harbo	.....
Mr. Lester	.....
Mr. Lavelle	.....
Mr. Nichols	.....
Mr. Rosen	.....
Mr. Sears	.....
Mr. Quinn Tamm	.....
Mr. Tracy	.....
Miss Gandy	.....

PAGE TWO

DEFRAUD WILL BE PAYMENT OF THE SEVENTY FIVE THOUSAND DOLLARS,
WHICH DEFRAUDED THE UNIVERSITY, TO THOSE MENTIONED IN INDICTMENT.
PROOF OF USE OF MAILS WILL BE FACT THAT SEVENTY FIVE THOUSAND
DOLLAR CHECK WAS CASHED IN NEW ORLEANS BANK KNOWING SAME WOULD
HAVE TO BE SENT THROUGH MAILS TO BATON ROUGE FOR PAYMENT.
LOS ANGELES DIVISION HAS INFORMED THAT MRS. W. A. THARPE WILL BE
AVAILABLE FOR INTERVIEW AT LOS ANGELES THIS FRIDAY MORNING HENCE
I AM SENDING AGENT C. W. DUNKER TO LOS ANGELES VIA AIR TO CONDUCT
THIS INTERVIEW. THE AGENT WILL LEAVE HERE TOMORROW MORNING.
USA HAS NOT MADE ANY FURTHER REQUESTS OF THIS OFFICE FOR
INVESTIGATIVE ASSISTANCE

W. SACKETT
B.

END

OVY P

OK FBI WASH DC SRN

62

JFS:DF

62-32509

July 14, 1939

Special Agent in Charge
New Orleans, Louisiana

Re: Louisiana State Officials
Information Concerning

Dear Sir:

I am transmitting herewith copies of a letter addressed to the Attorney General under date of July 1, 1939, from Guy J. Prevot, Mansura, Louisiana, for reference to the United States Attorney at New Orleans, Louisiana.

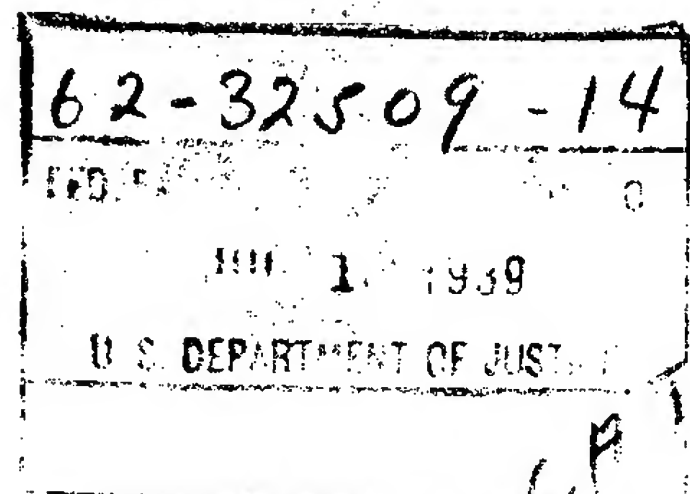
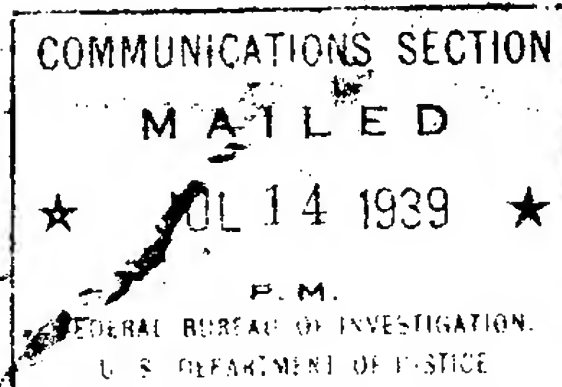
Very truly yours,

John Edgar Hoover
Director

Mr. Tolson _____
Mr. Nathan _____
Mr. E. A. Tamm _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Egan _____
Mr. Glavin _____
Mr. Crowl _____
Mr. Harbo _____
Mr. Lawler _____
Mr. McIntire _____
Mr. Rosen _____
Mr. Sears _____
Mr. Nichols _____
Mr. Q. Tamm _____
Mr. Tracy _____
Miss Gandy _____

Inclosure

RECORDED



Handwritten signature
63

Mr. J. Edgar Hoover

Dear Sir -

There is a man in New York - name Norman Silver Pateman -
Working under the name of Consulting Engineer - Who is an ex
convict - said to be train robber - mixt up in a 100,000
Lousiana steal and many other things - Maby you have his
record- This was gathered from conversation I heard may not
be of interst to you yet it might-

I am only trying to be of service to you

No ax to grind never knew him But feel that such a man should
be known by your office

RECORDED
&
INDEXED

62 32509 14
FEDERAL BUREAU OF INVESTIGATION
JUL 18 1933
U. S. DEPARTMENT OF JUSTICE
IDENTITY UNIT TWO

8/16/33

Let. M.C.

ACH

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... 415812 ...
... not ...
... 7-20-33 ...

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Mr J Edgar Hoover
Washington
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**Federal Bureau of Investigation
United States Department of Justice**

LCS ANGELES, CALIFORNIA
JULY 14, 1939

Director
Federal Bureau of Investigation
Washington, D. C.

Dear Sir:

Re: SPECIAL AGENT C. W. DUNKER

This is to advise that the above-named Agent arrived in Los Angeles at 12:29 A.M. this date from New Orleans, in connection with the case of Louisiana State Officials, Information Concerning.

While in Los Angeles, Agent DUNKER'S address is Rosslyn Hotel, telephone Michigan 3311.

Very truly yours,

R. B. Hood

R. B. HOOD

Special Agent in Charge

RBH:AB

AIR MAIL

CC NEW ORLEANS

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3207-140

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Federal Bureau of Investigation
United States Department of Justice
New Orleans, Louisiana
July 16, 1939

Director,
Federal Bureau of Investigation,
Washington, D. C.

RECORDED
&
INDEXED

Re: MONTE E. HART, et al.
MAIL FRAUD.

Re: LOUISIANA STATE OFFICIALS
INFORMATION CONCERNING.

62-32539-139	
FEDERAL BUREAU OF INVESTIGATION	
JUL 17 1939	
U. S. DEPARTMENT OF JUSTICE	
TOLSON	TWO

Dear Sir:

This will confirm the telephonic conversation with Inspector AL ROSEN of the Bureau today.

Inspector ROSEN was informed that Special Agent R. L. SHIVERS of this office had just conferred with Mr. O. JOHN ROGGE, Assistant Attorney General, who came to New Orleans from Chicago by plane last night. Mr. ROGGE has been in conference with the U. S. Attorney and his staff here today on the mail fraud angle of the general investigation. He stated it was his purpose to have an indictment returned when court convenes Monday, July 17, 1939, against MONTE E. HART, JAMES MONROE SMITH, J. EMORY ADAMS, SEYMOUR WEISS and LOUIS LESAGE for using the mails to defraud. Mr. ROGGE supplied copy of the first count of the indictment, which I am transmitting herewith. The indictment is in two counts, but the second count has not been transcribed as yet. However, it is substantially the same as the second count of the indictment which was transmitted to the Bureau with my letter of July 14, 1939.

Mr. ROGGE was asked if he intended to communicate with the Attorney General before this indictment was returned and he indicated he would, saying he expected to call the Attorney General the first thing tomorrow morning. Mr. ROGGE indicated that he did not think the evidence against SEYMOUR WEISS was any too strong.

Mr. ROGGE also stated that he was not satisfied with the investigation which the W. P. A. has conducted, and in fact he emphasized his dissatisfaction with this investigation, although he did not particularize the reasons therefor, stating that he had been devoting most of the day to reviewing the facts and evidence in the mail fraud angle of the general investigation. Mr. ROGGE stated that he wanted this office to conduct a discreet, confidential investigation of HILARY J. GAUDIN, Assistant U. S. Attorney, as from the information he has obtained, Mr. GAUDIN seems to be "carrying water on both shoulders" and associates too closely with SEYMOUR WEISS and MONTE HART. He said

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Director

7/16/39

he knew that his request would have to be referred to you, and I informed him that this question would be taken up with you immediately.

It was not possible to obtain the second count of the indictment, inasmuch as it had not been written up. However, as previously stated, it is substantially the same as the proposed draft which was submitted with my letter of July 14th.

For the evidence on which this indictment will be predicated, your attention is invited to a summary report rendered under the mail fraud caption by Special Agent C. E. WEEKS, NEW ORLEANS, dated July 14, 1939.

Very truly yours,

B. E. Sackett
B. E. SACKETT,
Special Agent in Charge.

RLS:ahs

Encl.

AIR MAIL - SPECIAL DELIVERY.

UNITED STATES OF AMERICA,
EASTERN DISTRICT OF LOUISIANA
NEW ORLEANS DIVISION.

In the District Court of the United States, in and for the Eastern District of Louisiana, New Orleans Division, at the City thereof, N. O. La.
1936.

The Grand Jurors of the United States duly empanelled, sworn and charged at the first session of the term aforesaid, at their calls present and absent, do hereby certify that on or about the 15th day of September, 1934, and continuing thereafter until on or about the 1st day of February, 1935, the said Jurors being sworn to your Grand Jurors, lawfully, officially, knowingly and lawfully devised and intended to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations and claims from the Louisiana State University and Agricultural and Mechanical College, the State of Louisiana and the taxpayers of the State of Louisiana and divers other persons to your Grand Jurors unknown, which said scheme and artifice to defraud was to be effected by the use and abuse of the Post Office Establishment of the United States, and in furtherance of and for the purpose of executing said scheme and artifice did deposit and cause to be deposited in an authorized depository for mail matter to be sent and delivered by the post office establishment of the United States, and did cause to be delivered by mail according to the direction thereon divers and sundry letters and checks, which said scheme and artifice to defraud was in substance as follows:

That the defendants, MONTY E. HART and SEYMOUR WEISS were officers of a certain corporation known as the Lee Circle Hotel Company, Inc., which corporation owned a certain building and the land upon which it is situated in the City of New Orleans known as the Bienville Hotel, together with all the equipment, fixtures and other contents located therein; that on or about September 23, 1934, the exact date being unknown to your Grand Jurors, the said Lee Circle Hotel Corporation, acting through its agent, Seymour Weiss, began

62-32509-139

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of the National Equipment Company, Inc., in the sum of \$75,000 to issue; that the defendant, MORTIMER E. BART, obtained possession of said check for \$75,000; that the said MORTIMER E. BART then procured the endorsement of one F. E. Aiken, Vice-President of the National Equipment Company, Inc., on the said check, which check the said MORTIMER E. BART then himself endorsed and presented to be cashed at the City Branch of the Whitney National Bank at New Orleans, Louisiana, with which bank the said MORTIMER E. BART carried an

account; that the said check was cashed at the City Branch of the Whitney National Bank at New Orleans, Louisiana, on the 7th day of November, 1934, in the sum of \$75,000 in currency and the balance of the said check was retained by the said MORTIMER E. BART; that the defendant, MORTIMER E. BART, then procured the endorsement of one J. E. Aiken, Vice-President of the National Equipment Company, Inc., on the said check, which check the said MORTIMER E. BART then himself endorsed and presented to be cashed at the City Branch of the Whitney National Bank at New Orleans, Louisiana, on the 10th day of November, 1934, in the sum of \$15,000 in currency and the balance of the said check was retained by the said MORTIMER E. BART; that the said MORTIMER E. BART, on the 10th day of November, 1934, deposited the remaining \$60,000 in cash in the account of the National Equipment Company, Inc., at the City Branch of the Whitney National Bank, New Orleans; that on the 9th day of November, 1934, the defendant, MORTIMER E. BART, drew a check on the said account of the National Equipment Company, Inc., in the City Branch of the Whitney National Bank payable to the order of the defendant, LOUIS L. LAMAR, in the sum of \$25,000; that the said LOUIS L. LAMAR cashed the said check on the 10th day of November, 1934, at the City Branch of the Whitney National Bank; that the defendant, LOUIS L. LAMAR, then paid to the defendant, MORTIMER E. BART, the sum of \$15,500 in currency and retained the balance of the said sum of \$25,000 as his own property and for his own use and benefit; that the defendant, MORTIMER E. BART, received from the National Equipment Company, Inc., the sum of \$19,044.91 as his own property and for his own use and benefit.

And your Grand Jurors further present and charge: That in pursuance of said scheme and for the purpose of carrying out said scheme, the defendant, MORTIMER E. BART, on his own behalf and on behalf of the other defendants herein, presented the aforesaid check of the Louisiana State University and Agricultural and Mechanical College drawn to the order of National Equipment Company, Inc., in the sum of \$75,000 to the City Branch of the Whitney National Bank to be cashed, the defendants well knowing that said check was drawn upon the City National Bank of Baton Rouge, Louisiana, and that it would be necessary in

of \$75,000 was made
of the defendant's
finances and other
sale of the Merrill
price of \$100,000 for
in making appropriate
lighting arrangements
as is set forth in the
part of volume 4

information or any other thing in
 which that the same will have
 interests or said property, and
 be held with all of the contents
 of said hotel with all equipment,
 and all furniture, including
 linen and kitchen utensils
 and fixtures and fixtures and
 fixtures and fixtures and fixtures

also that money; that all
of all of the property,
were the subject of the
and were included in the sale
of the property belonging to
the estate, having and
which are the property
of the estate for the
purpose that all of the

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by the said defendants with intent and purpose and intended to be false and untrue and at the time said checks were made by the said defendants to be false and untrue and were made and intended to be made by the defendants for the purpose and with the intention of obtaining from Louisiana State University and Agricultural and Mechanical College and the State of Louisiana the sum of \$75,000 not lawfully due, and converting the same to the use and benefit of said defendants.

That on or about the 1st day of March, 1936, the said defendants, with intent and purpose and with the intention of obtaining from Louisiana State University and Agricultural and Mechanical College and the State of Louisiana the sum of \$75,000 not lawfully due, and converting the same to the use and benefit of said defendants, did knowingly deposit and cause to be deposited in an authorized depository for mail matter of the United States at New Orleans, Louisiana, a certain cash letter and check enclosed in a postpaid envelope addressed to City National Bank, Baton Rouge, Louisiana, to be sent and delivered by the Post Office Establishment of the United States, the face and reverse of which said check were and are of the following tenor, to-wit:

*Auxiliary

Auxiliary

No. 1936

LOUISIANA STATE UNIVERSITY AND A. & M. COLLEGE

Baton Rouge, La., Oct 20 1936 1936

Pay to the
Order of

National Equipment Co. Inc. \$75,000.00

\$75,000 & 00/100

DOLLARS

Louisiana State University and A. & M. Col

CITY NATIONAL BANK
Baton Rouge, La.

(Signed) G. P. Johnson

Auditor

This voucher-check, when properly endorsed, becomes receipt in full for items listed. Alterations and erasures render null and void; return if not correct.

~~RECEIVED~~

NATIONAL EQUIPMENT COMPANY, INC.

(Signed) F. E. Ames
Vice-President

(Signed) M. E. Hart

Pay to the order of
ANY BANK, BANKER OR TRUST CO
Prior endorsements guaranteed
OCT 23-1936
New Orleans Branch
FEDERAL RESERVE BANK OF ATLANTA
14-21 New Orleans, La. 14-21

Pay any Bank, Banker
or Trust Co., or Order
Prior Endorsements Guaranteed
WHITNEY NATIONAL BANK OF NEW ORLEANS
ALONY

113

Federal Bureau of Investigation,
Washington, D. C.

Gentlemen:

Criminal Conditions
I want to thank you and congratulate you on investigating all the incomes and wrongdoings of Louisiana's politicians, we want you to go down to the very end and punish every one found guilty. They have disgraced our fair state, and the name of our fair state is fun over this land. Please do help us in this our hour of need. Our taxes are sky-high everything. We need relief and we need relief quick, and we look forward to you and your organization to investigate everything wrong these politicians done, that is taken away under improper circumstances and make them turn it back into the state treasury and put them in jail for a long time, in this way you would be a great duty to our fair state.

In thanking you for your efforts to correct our unfortunate position with our unreliable politicians, we remain,

L. O. *(initials)*
NEW ORLEANS HONEST CITIZENS AND ALSO HONEST CITIZENS OF GOOD
ODD LOUISIANA, whose name the politicians have put under their
feet, after they looted her treasuries.

New Orleans, La., July 1939.

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&
INDEXED

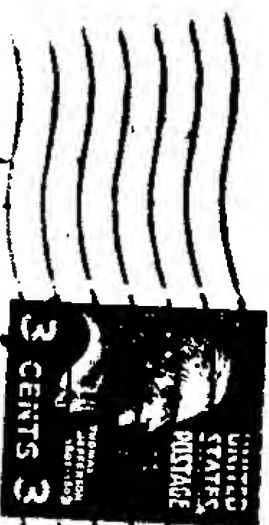
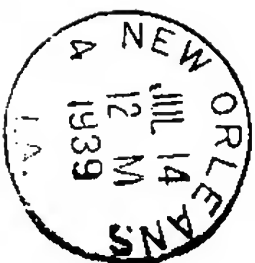
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FEDERAL BUREAU OF INVESTIGATION

JUL 1939

U. S. DEPARTMENT OF JUSTICE

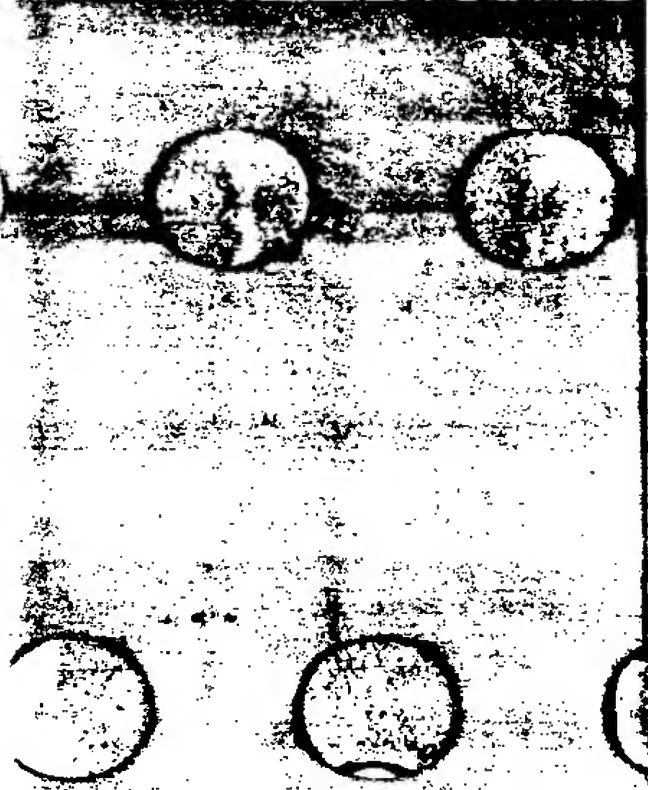
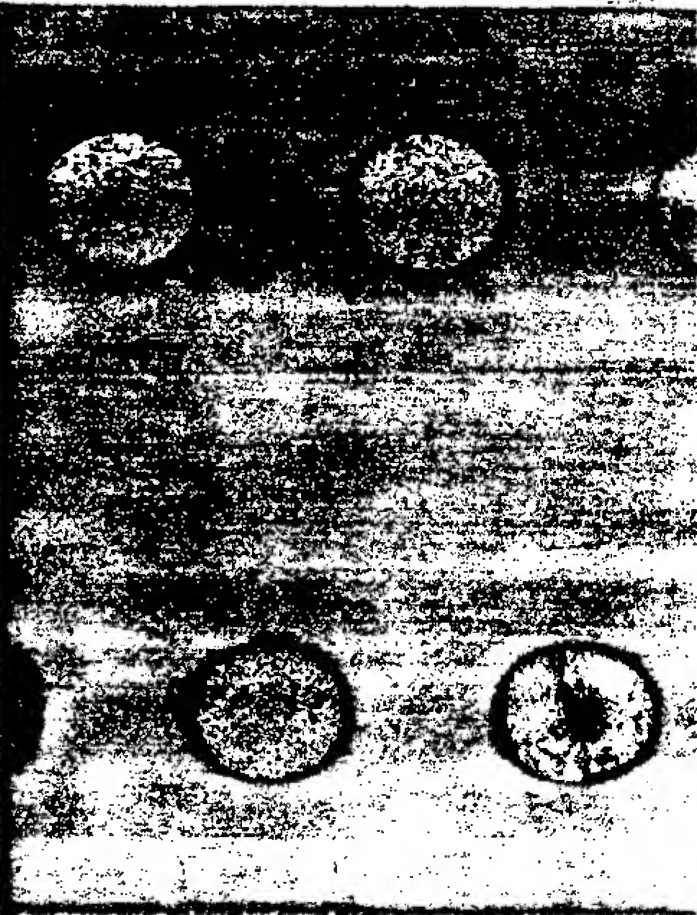
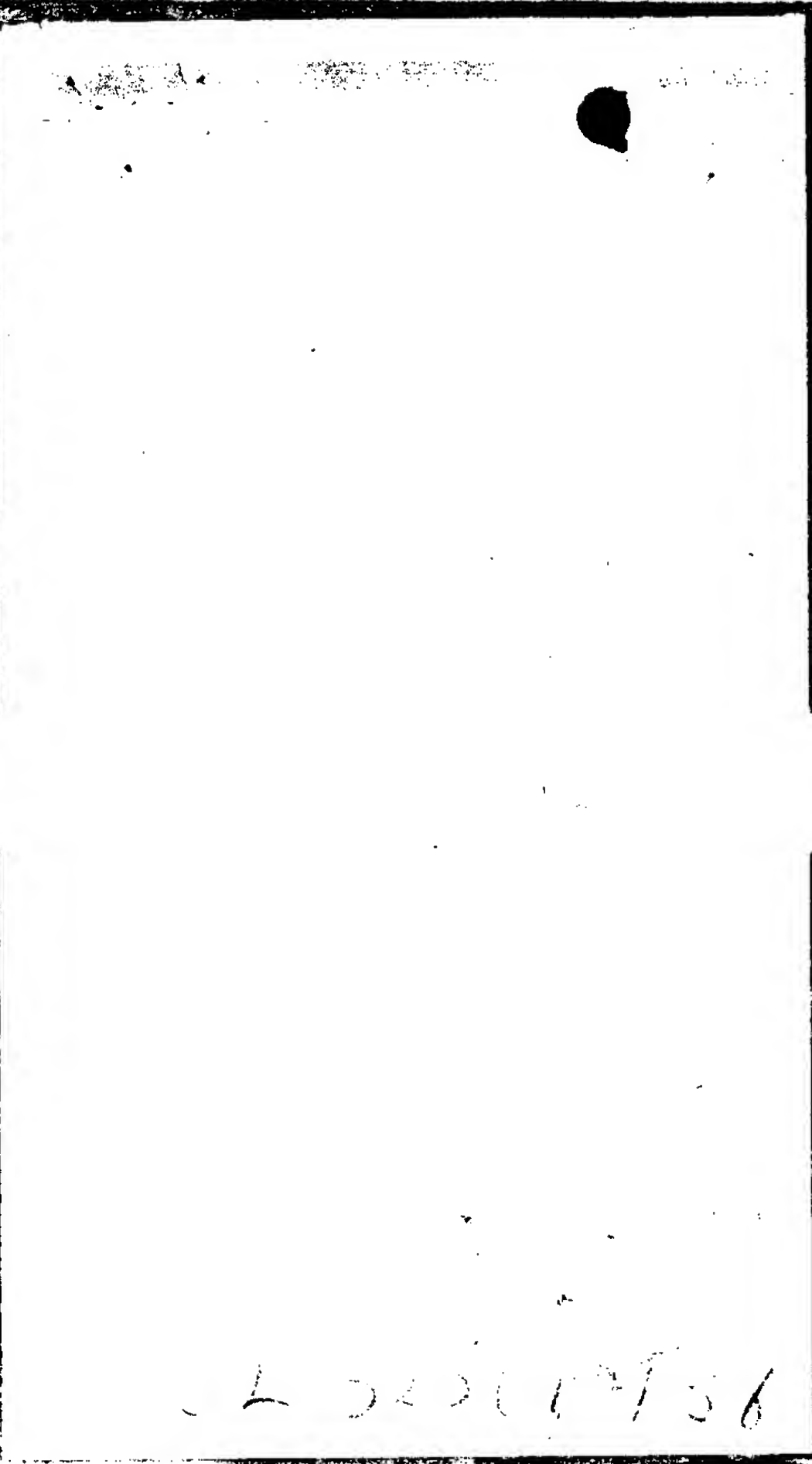
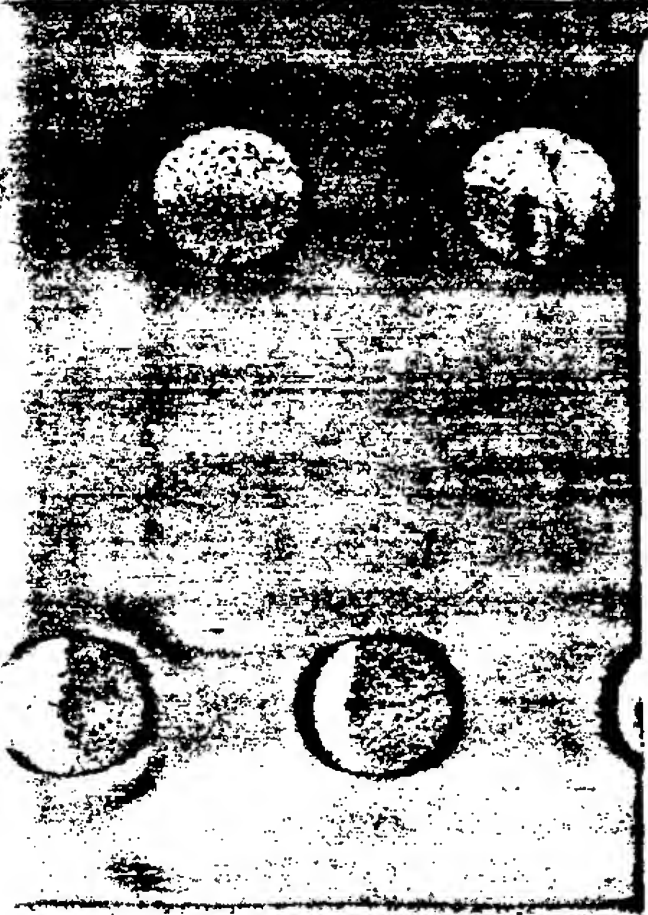
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Federal Bureau of Investigation;
Washington, D. C.

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JFS:DF

RECORDED

62-32509 - 137X

July 19, 1939

Mr. James W. Reagan
Baskin, Louisiana

Dear Mr. Reagan:

Your letter of July 8, 1939, addressed to United States Attorney General Frank Murphy, has been referred to this Bureau for investigative attention.

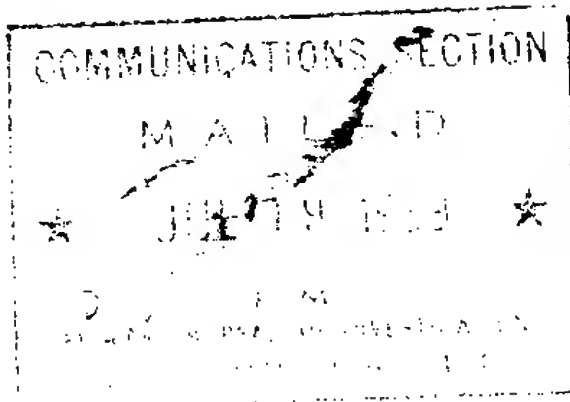
Your letter will be referred to the United States Attorney at New Orleans, Louisiana, for appropriate attention.

Very truly yours,

John Edgar Hoover
Director

Mr. Tolson _____
Mr. Nathan _____
Mr. E. A. Tamm _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Egan _____
Mr. Glavin _____
Mr. Crowl _____
Mr. Harbo _____
Mr. Lawler _____
Mr. McIntire _____
Mr. Rosen _____
Mr. Sears _____
Mr. Nichols _____
Mr. Q. Tamm _____
Mr. Tracy _____
Miss Gandy _____

cc New Orleans



77

JFS:DF

62-32509 - 137X July 14, 1939

RECORDED

Special Agent in Charge
New Orleans, Louisiana

Re: Louisiana State Officials
Information Concerning

Dear Sir:

I am transmitting herewith copies of a letter addressed to the Attorney General under date of July 8, 1939, from James W. Reagan, Baskin, Louisiana, for reference to the United States Attorney at New Orleans, Louisiana.

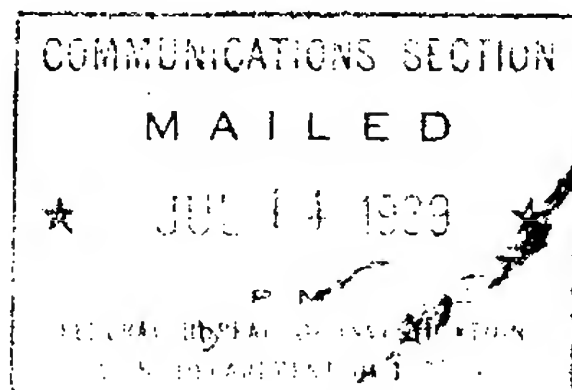
Very truly yours,

John Edgar Hoover
Director

Mr. Tolson _____
Mr. Nathan _____
Mr. E. A. Tamm _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Egan _____
Mr. Glavin _____
Mr. Crowl _____
Mr. Harbo _____
Mr. Lawler _____
Mr. McIntire _____
Mr. Rosen _____
Mr. Sears _____
Mr. Nichols _____
Mr. Q. Tamm _____
Mr. Tracy _____
Miss Gandy _____

Inclosure

CC to Department together with original inclosure.



SECRET

78

Baskin, La.
July 8, 1939

U. S. Attorney General F. Murphy
Washington, D. C.

Hon. Mr. Murphy:

I am writing you in connection with recent investigations in La. It has been rumored that an investigation would be made into the 5% "Kick In" collected from all State employees.

I wish to say that I have worked for the state for three years, or up until Oct. 21st 1938. At that date I quit working for them. Every check we recd. we had to kick in 5%. I was getting \$2.50 with the exception of about 3 months that I recd. \$3.00 per day. During this period I payed in or kicked in about \$140.00. The kick in was made at the district office or a man would call out on the work to take this "kick in" up. They would not give you a receipt or let you pay by check. Failure to "kick in" automatically removed you from the payrolls. As this is a very unfair practice I would like to see it investigated.

I didn't know just who to write but decided to write you. They are so closely associated at Baton Rouge until it would be useless to ask for an investigation from our State Attorney General.

Would it be necessary for me to make an affidavit out to begin a clean up or just what? No present employee of the State can do this as he would be fired outright.

(I will be expecting a reply from you.

Thank you

Very Truly

James W. Reagan

RECORDED

62-325-9-12

WJH

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Official indicated below by check mark

Solicitor General Jackson.....
Assistant to the Attorney General.....
Assistant Attorney General Arnold.....
Assistant Attorney General Morris.....
Assistant Attorney General Whitaker.....
Assistant Attorney General Littell.....
Assistant Attorney General Rogge.....
Assistant Solicitor General Bell.....
Mr. Hoover, Dir., Bu. of Investigation.....
Mr. Bennett, Director of Prisons.....
Mr. Martin, Director of War Risk Bureau.....
Mr. Lawrence, Dir., Bond and Spirits Division.....
Mr. Quinn, Administrative Assistant.....
Mr. Kemp, Special Assistant.....
Mr. Holtzoff, Special Assistant.....
Board of Parole.....
Mr. Lyons, Pardon Attorney.....
Mr. McClure, General Agent.....
Mr. Donaldson, Chief Clerk.....
Mr. Hill, Appointment Clerk.....
Mr. Crain, Division of Records.....
Mr. Holland, Division of Supplies.....
Mr. McKavitt, Librarian.....
Mr. Williams.....
Mr. Mulcahy.....
Miss Bumgardner.....
Mr. Gates.....
Mr. Hedetniemi.....
Miss LaHue.....
Miss Watters.....
Mr. Euwer.....

all T.B. 01-8-59 27!
on Sept 27g 27g 27g 27g.

July 7, 1939

July 7, 1939

MEMORANDUM FOR THE ATTORNEY GENERAL

For your information, I am attaching hereto a copy of a teletype from the New Orleans Office of the FBI, dated July 6, 1939, referring to the developments in the State of Louisiana upon the general situation there.

Respectfully,

John Edgar Hoover

John Edgar Hoover
Director

Inclosure

Mr. Tolson _____
Mr. Nathan _____
Mr. E. A. Tamm _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Crowl _____
Mr. Egan _____
Mr. Foxworth _____
Mr. Glavin _____
Mr. Harbo _____
Mr. Lester _____
Mr. McIntire _____
Mr. Nichols _____
Mr. Q. Tamm _____
Mr. Tracy _____
Miss Gandy _____

COMMUNICATIONS SECTION

62-32572-137

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1 3 Masonic Temple Building
New Orleans, Louisiana
July 6, 1939

Honorable Rene A. Viosca,
United States Attorney,
Post Office Building,
New Orleans, Louisiana.

Dear Sir:

Attached hereto are the following investigative reports prepared by this office and which are for your use:

Report of Special Agent in Charge B. E. Sackett, dated July 3, 1939 at New Orleans, Louisiana on JAMES MONROE SMITH, with aliases; BANK ROBBERY.

Report of Special Agent T. W. Wilson, dated July 3, 1939 at New Orleans, Louisiana on W.P.A. IRREGULARITIES; INFORMATION CONCERNING.

Report of Special Agent C. W. Dunker, dated July 3, 1939 at New Orleans, Louisiana on LOUISIANA STATE OFFICIALS: INFORMATION CONCERNING.

Yours very truly,

B. E. SACKETT,
Special Agent in Charge

CEW:EFK
cc Bureau
62-975
62-977
62-987

INDEXED

62-3257-11

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**Federal Bureau of Investigation
United States Department of Justice
New Orleans, La.
June 26, 1939.**

**PERSONAL AND
CONFIDENTIAL**

Mr. Tolson	✓
Mr. Nathan	✓
Mr. Clegg	✓
Mr. Glavin	✓
Mr. Ladd	✓
Mr. Nichols	✓
Mr. Rosen	✓
Mr. Tracy	✓
Miss Gandy	✓

St
m
Hon. John Edgar Hoover,
Federal Bureau of Investigation,
U. S. Department of Justice,
Washington, D. C.

Re: Louisiana Political Situation.

Dear Mr. Hoover:

RECORDED & INDEXED

62-37509-136

In accordance with your request, I am summarizing briefly the recent developments in the Louisiana political situation. JUL 15 1939

The State political Democratic organization has, for a number of years, with the exception of the period when the late Senator HUEY P. LONG was fighting the City of New Orleans administration, dominated the political picture in Louisiana. A caucus of the Party meets several months before a State election and chooses candidates for the Governorship and other State offices, which candidates, by reason of having the support of the Machine, are virtually assured of being elected. The caucus of the State Democratic political party is expected to be held during the latter part of October or in November 1939, at which time candidates for State offices, including that of Governor, will be chosen. The election is scheduled to take place during January. Governor RICHARD W. LECHE has been in office since May 12, 1936.

For the past year, various politicians in the State have announced, some seriously and others just talking, their intention of seeking the Party's support to run for the Governorship this year, since it was known that LECHE would not run again. Most of these men have dropped from the limelight and are now unheard of in this regard. However, the following individuals have been, and are, very active in the gubernatorial race, and constitute, in my judgment, the principal candidates:

Lieutenant-Governor EARL K. LONG, a brother of the late Senator LONG, is the man who is supposed to have the "inside track" at the present time. LONG had, for the past several months, hinted in press interviews that he had been promised the State Political Party's support for the Governorship in 1939, and as a matter of fact, at the Louisiana Peace Officers Convention at Baton Rouge, Louisiana, on May

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June 26, 1939.

16, 1939, I heard LONG, in his talk before the Convention, definitely make the statement that four years ago when he went in as Lieutenant-Governor, those in control of the Party had promised to support him, LONG, for the Governorship in the 1939 election. He also stated that Mayor ROBERT S. MAESTRI of New Orleans, is personally favoring his candidacy for the Governorship. These statements caused Mayor MAESTRI to state that he would support the candidate chosen by the Party's caucus in the Fall, and he did not at that time come out and definitely endorse EARL LONG.

JAMES ALBERT NOE, who is a State Senator from Monroe, La., is conceded to be LONG'S principal opponent for the Governorship. NOE announced his candidacy about eight months ago, and has been a very bitter critic of the LECHE administration since about the latter part of 1936, when he broke with LECHE and the administration. NOE is in the natural gas and oil business in Monroe, was very closely associated with and was a friend of Senator LONG, and acted as LONG'S "stooge", at the time of the radio investigation in 1934 of the City Administration of New Orleans.

NOE is well liked in Northern Louisiana, particularly, principally because of his loyal friendship to HUEY P. LONG, who is still worshipped up in that country almost as a god.

I received information from a confidential source that NOE was in Washington several weeks ago where he saw Attorney General Murphy, and is supposed to have given the Attorney General quite a bit of data regarding the corrupt operations of the present State Administration.

I furnished the Bureau with NOE'S background telephonically on June 19, 1939.

MR. WADE O. MARTIN, presently Chairman of the State Public Service Commission, is another announced candidate for the Governorship. MR. MARTIN has been rather inactive in his campaign, and has not been a very violent critic of the State Administration. No one seems to regard his candidacy as being serious, and he is not considered to have a chance of being elected to the office.

On June 22, 1939, MR. A. P. TUGWELL, who presently occupies the office of State Treasurer, announced his candidacy. This was the day following the evening when Governor LECHE announced his intention to

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June 26, 1939.

submit his resignation. TUGWELL had not theretofore been considered as a candidate, however, during the past few days he has made some public statements denouncing the Administration and EARL K. LONG. He is not considered by political observers, (as far as I know,) to have much of a chance at this time to secure the Party's support.

During the past few days it was also intimated that Attorney-General DAVID M. ELLISON, was being considered by LECHE, for the Governorship, however, this is still in the nature of a rumor, and has not been confirmed either by LECHE, ELLISON or others in authority.

It is generally conceded that Mayor ROBERT S. MAESTRI of New Orleans is the dominant political figure, publically, in the State at this time. The voting strength of the City of New Orleans is such that a substantial majority in the city would be sufficient to overcome any minority throughout the rest of the State. MAESTRI is the accepted leader of the City of New Orleans politically, hence, all of the candidates are trying to curry his favor and support.

This was the political picture throughout the State, generally, so far as the Governorship was concerned, until June 9, 1939, when the New Orleans States, an anti-administration newspaper in New Orleans, published photographs showing a truck, the property of the Louisiana State University, delivering newly made window sashes of the type used in private residences, and other building material, to the private property of MRS. JAMES McLACHLAN at Metairie, a suburb of New Orleans. MR. McLACHLAN is allegedly a very intimate friend of Governor LECHE, and is a Colonel on his Staff.

The building material was apparently used in connection with a building being erected on this property. Thereafter, the New Orleans States, and its morning paper, the Times-Picayune, conducted a rather vigorous campaign, fully illustrating its points by pictures and trying to secure explanations for these occurrences. I have been confidentially advised by the City Editor of the New Orleans States that the paper had a great deal of other information, apparently reliable, tending to show that the building material furnished by Louisiana State University was used in private construction at the homes of intimates of Governor LECHE. However, the attorney for the newspaper would not permit them to publish this information.

On June 9, 1939, also, Attorney General DAVID M. ELLISON, at the direction of Governor LECHE, upon the publicity appearing in the States as aforesaid, ordered an open hearing to be held June 15, 1939,

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June 26, 1939.

to inquire into the use of public property for private purposes.

The campaign of the New Orleans States and Times-Picayune continued unabated during the following few days, in every possible way criticizing the handling of these matters at Louisiana State University, securing and publishing conflicting statements from various individuals in the State Administration.

On June 13, 1939, Governor LECHE announced that the public hearing was indefinitely postponed, and stated that a broader investigation was underway. The following day the Superintendent of Construction of Louisiana State University stated that the records of the University relative to mill work done for private persons, were not available.

On June 14, 15, 16 and 17, 1939, DR. JAMES MONROE SMITH, President of Louisiana State University, could not be found at his office by reporters for questioning.

The June 17, 1939, issue of the Shreveport, Louisiana Journal newspaper quoted the Washington Merry-Go-Round by DREW/PEARSON and ALBERT S. ALLEN, charging "W. P. A. corruption in Louisiana". The article quoted one full affidavit signed by six men alleging various irregularities. This entire article, as it appeared in the Washington Merry-Go-Round, was a few days later read into the Congressional record in the U. S. Senate, according to newspaper reports.

(I furnished the Bureau with complete newspaper clippings in this regard.)

The W. P. A. administrator for the State, JAMES H. CRUTCHER, asked for an investigation, and it appears that the Division of Investigations, W. P. A., had, a day or two previous thereto, started an investigation into these matters, which investigation is presently still in process of being conducted.

From your information I learned in a general conversation with my contact at the New Orleans States, F. EDWARD HERBERT, City Editor, that several months ago he, HERBERT, had seen sixteen affidavits submitted by various employees of the W. P. A., in, or in the vicinity, of Baton Rouge, alleging irregularities, including the use of W. P. A. labor and material on private projects. HERBERT confidentially informed me that these sixteen affidavits were sent to the Chicago Tribune newspaper and that they apparently thereafter found their way into the hands of PEARSON and ALLEN, which was the basis for the article appearing in their Washington Merry-Go-Round.

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June 26, 1939.

It is ^{the} my belief that the W. P. A. investigators have been, and are, checking into the substance of these affidavits by questioning various individuals in Baton Rouge and vicinity. (I do not know, of course, the extent or scope of their investigation or progress they are making. However, I do not believe that they have, up until possibly the last day or two, gone into the records of Louisiana State University to any extent in their investigations.)

(For your further information,) U. S. Attorney RENE A. VIOSCA of New Orleans, ^{but 6-26-39} today announced that he would have the Federal Grand Jury commencing June 30, 1939, investigate these specific charges of W. P. A. corruption and graft, and was subpoenaing the W. P. A. investigators and other witnesses to testify before the Grand Jury in this regard.

On June 19, 1939, DR. JAMES M. SMITH, President of Louisiana State University, was reached by reporters for statement purposes, and advised that the sale to private individuals of mill work done at the University was against the University's policy. The records of the University were denied the reporters the following day upon the theory that the W. P. A. investigators were using same.

On the evening of June 21, 1939, Governor RICHARD W. LECHE announced his intention to resign as Governor, giving as reasons his ill health. It is claimed that he has suffered two arthritis attacks since last January, and in announcing his intention to resign he stated that he was very ill and that his doctors told him he would have to resign at once if he ever expected to recover. The account showed that he gave the statement while in bed, and that apparently Attorney General DAVID M. ELLISON, Lieutenant-Governor LONG, Mayor ROBERT S. MAESTRI and SEYMOUR WEISS were in a conference with him immediately preceding the announcement of his intended resignation.

The following day Mayor MAESTRI, in a press interview, indicated his support of Lieutenant-Governor EARL K. LONG for the Party's candidate for the Governorship, by stating he felt sure the Party caucus would nominate LONG. This was interpreted by observers as an endorsement of LONG by MAESTRI.

SEYMOUR WEISS also publically proclaimed his friendship for LONG and his support of him as Governor.

With the announcement of LECHE'S resignation, a political

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June 26, 1939.

storm arose in the State. Persons in office, who had not been friendly to EARL LONG, immediately voiced their beliefs that LONG would "clean house" upon his taking office. All kinds of rumors were prevalent concerning the resignation of various officials, however, none resigned. It was rumored that Attorney General ELLISON would resign after LONG took office, since ELLISON is supposed to be considering running for the Governorship in the Fall. LONG made the statement that he did not contemplate any changes in the State office positions "for some time"; that he would follow out the policies of LECHE as Governor.

There is much speculation, of course, as to the real reasons for LECHE'S resignation at this time. It is to be noted that while he gave the bad state of his health as his reason, and was apparently very ill on the evening he gave out the statement of his intended resignation, the following morning, June 22, 1939, he apparently was out of bed, chatted very gaily with various callers, and appeared to have suddenly recovered physically to a great extent over night. This fact was commented upon rather sarcastically by the New Orleans States and Times-Picayune the following day.

The Governor also later stated that one of his principal reasons for resigning was that he wanted to travel, and he intended to see the West coast and visit Honolulu with his family, and would be gone for a number of months.

(From what I have been able to gather, and in view of the at least tacit support of LONG by Mayor MAESTRI, I have formed the opinion that LONG'S claims to the effect that the Party leaders have made a deal with him to support him for the Governorship in 1939 are probably true.)

In my letter to you of May 22, 1939, wherein I advised you of the Louisiana political situation, and of the fact that EARL CHRISTENBERRY will probably be Lieutenant-Governor in the event LONG is elected Governor, I stated as follows:

"During my association with EARL CHRISTENBERRY at the Convention and my general conversation with him, I came to the definite belief that Governor RICHARD W. LECHE is presently in Washington for the purpose of endeavoring to secure the appointment as United States District Judge in New Orleans; that he expects to secure this appointment within the next month or six weeks, and if so will retire from office as Governor to enter upon his duties as judge within the next two months.

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June 26, 1939.

Upon this event taking place, EARL LONG will automatically become Governor of the State and will be in position to better further his candidacy for his reelection as Governor."

(The developments within the past week might indicate that this was to have been the plan. I have heard it generally spoken by some men I know here in New Orleans that they believe LECHE resigned at this time in order to carry out the plan of putting EARL LONG in the Governor's chair at this time, thus giving him prestige and a chance to be reelected; that LECHE had to resign even though he did not secure the judgeship, which would have given him a more graceful exit. On the other hand, I have heard the belief expressed within the past few days that the reason behind LECHE'S resignation at this time was to put EARL LONG in office so that in the interim between now and the caucus of the Party, LONG could "make a damn fool out of himself" to such an extent that the Party leaders would be justified in breaking their promise or withdraw their support of LONG as their candidate for the Governorship.)

A lot of people believe that the Party leaders, including MAESTRI, WEISS and others, do not like LONG and do not personally want to see him in the Governor's chair, however, they have given their promise to him and will have to go through with it.

It is also said that LONG is so vindictive, vicious and independent in thought and action that he will not be able to be controlled in any way by the State political machine once he assumes office, and that this is the reason why those in authority are primarily against him.

At 10:25 P. M., Sunday, June 25, 1939, Governor LECHE, after a conference with Attorney General ELLISON, EARL LONG, General LOUIS F. GUERRE, Superintendent of the State Police, handed press representatives at Baton Rouge a written statement indicating that DR. JAMES MONROE SMITH, President of Louisiana State University had apparently been guilty of misappropriation of University funds, amounting to probably "several hundred thousand dollars" and had disappeared from Baton Rouge after attempts had been made to locate him for questioning. The Governor announced, in view of these developments, he would not resign at 11:00 A. M., June 26, 1939, as he had previously announced he would on June 23, 1939.

(I am addressing a separate communication to you tonight re-

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garding the entire situation involving DR. JAMES M. SMITH and his disappearance, and the irregularities as I know them. Therefore, I will not go into this matter in this communication,

(As will be seen from my letter to you regarding DR. SMITH it is not conceivable that at least EARL LONG would not have known a long time ago of the irregularities on the part of SMITH, since LONG'S law partner apparently was interested in the stock market manipulations with SMITH wherein the latter used the embezzled funds. SMITH, as president of Louisiana State University, made \$18,000 a year, and it was apparently well known in New Orleans by people in financial circles that SMITH was speculating in the grain market for some time.

Today's newspapers confirmed the information I telephoned to the Bureau about a week before General MURPHY and yourself visited New Orleans, to the effect that the income tax returns of DR. JAMES M. SMITH were under investigation by the Internal Revenue Department. Up to the writing of this communication tonight SMITH has not been located. There are numerous rumors that he has been shot, and he has been located in various parts of the country, however, none of these have any foundation.)

The general opinion or belief in New Orleans (tonight) is that the blowup, with respect to SMITH, is just the beginning of a general blowup throughout the whole State administration, and that other and more startling disclosures of graft, corruption and misuse of State funds will come to light. It is apparently believed generally, as far as I can determine here, that Governor LECHE gave SMITH "several hours head start" so that he would get safely out of Baton Rouge before his resignation was made public. This thought is apparently substantiated by the fact that, according to information received, SMITH handed LECHE his resignation personally at 4:00 P. M., yesterday, which allegedly came as a "complete surprise" to the Governor, and apparently no effort was made to look for SMITH until at least 8:00 P. M. that evening, when General GUERRE was notified, searched SMITH'S house, and found some of the bonds.

I have heard no rumors or opinions indicating that LECHE or any other State administration officers actually participated with SMITH in the irregularities, although there is little question in my mind but what LECHE knew about them. It is not the consensus of opinion so far as I can determine to night, that SMITH is taking the blame for others. The general thought seems to be that all of these State officials have their own "sources of gravy" and that apparently SMITH'S troubles caught up with him now, while the others' have not caught up with them yet.

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June 26, 1939.

It is generally agreed, as far as I know, that LECHE was "very fortunate" in not having his resignation take effect prior to the time that SMITH skipped out, which would have put LECHE in a much worse light than he is now. It was believed that LECHE would resign within the next day or two irrespective of these developments with regard to SMITH.

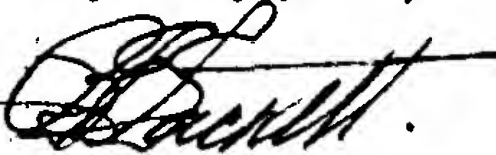
A statement was issued at 4:10 P. M. today by EARL LONG to the effect that LECHE would not resign for "several days yet". However, at 6:30 P. M., tonight LECHE announced his resignation, and within an hour thereafter LONG was sworn in as Governor of Louisiana at Baton Rouge.

"It is believed (by several contacts of mine) that LECHE is very anxious to leave office and in fact, leave the State, in order to avoid as much as possible answering "embarrassing questions". For these reasons, it is entirely probable that LECHE will suddenly become well enough to travel, and will very shortly leave this part of the country with his family on an extensive "vacation"."

The developments in the political situation today and this evening have caused a turmoil throughout the State, second in intensity only to the day that HUEY LONG was shot. Several of my best contacts and sources of confidential information are in Baton Rouge today covering the situation, and I have not been able to properly contact them for information. I will, however, obtain the benefit of their views and observations within the next day or two, as soon as they return to New Orleans, and will give you the benefit of those views immediately.

Since the developments of this political situation as I have outlined in this communication began on June 9, 1939, I have furnished the Bureau with complete daily newspaper clippings from the New Orleans press, and will continue to do so and will continue to advise you of the pertinent developments with respect to the entire matter.

Very truly yours,



B. E. Sackett,
Special Agent in Charge.

BES:WH

AIRMAIL-SPECIAL DELIVERY

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**Federal Bureau of Investigation
United States Department of Justice**

NEW ORLEANS, LOUISIANA
July 3, 1939

Mr. Tolson.....
Mr. Nathan.....
Mr. E. A. Tamm.....
Mr. Clegg.....
Mr. Coffey.....
Mr. Egan.....
Mr. Glavin.....
Mr. Crowl.....
Mr. Harbo.....
Mr. Lester.....
Mr. Lawler.....
Mr. Nichols.....
Mr. Rosen.....
Mr. Sears.....
Mr. Quinn Tamm.....
Mr. Tracy.....
Miss Gandy.....

PERSONAL and CONFIDENTIAL

Mr. J. Edgar Hoover, Director
Federal Bureau of Investigation
Washington, D. C.

Dear Mr. Hoover:

I am submitting to you herewith three copies
of a memorandum, in accordance with your desire, summar-
izing the information developed at this office in con-
nection with the present Louisiana political situation,
also indicating the possible Federal violations involved.

Very truly yours,

B. E. Sackett

B. E. SACKETT
Special Agent in Charge

BES:ALS
Enclosures.

1 ENCL. C

RECORDED

62-3250-135
FEDERAL BUREAU OF INVESTIGATION
JUL 11 1939
U. S. DEPARTMENT OF JUSTICE
TOLSON Tamm GNF

July 3, 1939.

MEMORANDUM FOR MR. HOOVER:

In accordance with your desires, I am setting out below a resume of the most recent developments in the Louisiana State Administration irregularities, the actions on the part of the U. S. Attorney, and the possible Federal violations apparent from the information at hand as at this date. For your convenience, this information is being set out under the following described headings:

- RECORDED
&
INDEXED
- 62-32509-135X
JUL 11 1939
FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
100-100000-100000
100-100000-100000
100-100000-100000
1. GENERAL.
 2. JAMES MONROE SMITH, IRREGULARITIES.
 3. W. P. A. IRREGULARITIES.
 4. FIVE PERCENT SALARY CONTRIBUTIONS BY STATE EMPLOYEES.
 5. FEDERAL SOCIAL SECURITY FUND IRREGULARITIES.
 6. INCOME TAX EVASION.
 7. POSSIBLE FEDERAL VIOLATIONS.
 - (a) Bank Robbery (Entering Bank with intent to commit a felony).
 - (b) Misuses of WPA labor and Materials.
 - (c) Section 276-B, Title 40, U. S. C. A. (5% Deductions of State Employees' Salaries).
 - (d) Fraud against Government (Social Security Fund).
 - (e) Income Tax Evasion.

8. CONCLUSION.

1. GENERAL

The present public investigations by the State officials began on the evening of June 25, 1939, when DR. JAMES MONROE SMITH, President of Louisiana State University, handed his resignation to Governor LECHE personally and disappeared from Baton Rouge. At that time, irregularities on the part of SMITH were made public, and since then the political situation in the State has been in a turmoil. Not only the majority of the newspapers in the State have been condemning the situation, but it appears that the press throughout the rest of the country has reacted to the situation in the same manner.

There is very little doubt but what Ex-Governor LECHE permitted SMITH to have a few hours start before making his knowledge of SMITH'S irregularities public and ordering a search instituted for him.

Ex-Governor LECHE resigned from office at 7:00 PM June 26, 1939, and

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Lieutenant-Governor EARL K. LONG was immediately sworn in as Governor. Since that time Governor LONG has taken the public attitude at least of instituting a crusading and reform type of administration. LONG has publically stated that he desires a thorough investigation made, not only into the Louisiana State University situation, but also in other branches of the State Government, wherein irregularities are suspected, and that he will let the "chips fall where they may" even though it involves his best friends.

The matter of LONG'S sincerity in these statements are, of course, decidedly questionable, since he has been a part of the recent State Administration and undoubtedly received personal benefits therefrom.

LONG apparently at this time has the entire backing of Mayor ROBERT S. MAESTRI of New Orleans, who is the most prominent political figure at this time in the State. MAESTRI himself has not made any public statements to the press of any nature relative to the irregularities of SMITH or of LECHE'S administration generally.

The principal enemy of the Administration is State Senator JAMES A. NOE of Monroe, La. NOE has for a number of months been collecting a great deal of data regarding various irregularities in the State Government, principally for his own use in connection with his campaign for the governorship next January.

NOE was interviewed by agents of this office in accordance with the desire of the U. S. Attorney at New Orleans, and upon your authority, and this attitude on NOE'S part is plainly apparent. NOE stated he did not know how much information to furnish, since he questioned the motives of the Administration at Washington in making a thorough and continued investigation of the Louisiana situation. He frankly stated that he promised to give all information he obtained as a result of his investigations to the Chicago Tribune newspaper and to the authors of the Washington Merry-Go-Round column. He did not furnish any definite information of value to a general investigation by our Bureau.

The East Baton Rouge Parish Grand Jury started an investigation of the alleged irregularities in Louisiana State University funds on June 28, 1939 and on June 30, 1939, returned an indictment against JAMES MONROE SMITH alleging \$100,000 embezzlement and also indicted J. M. BROWN, SMITH'S broker in New Orleans, MRS. JAMES MONROE SMITH, OWEN W. WARE, SMITH'S son-in-law and J. EMORY ADAMS, SMITH'S nephew. This was in the nature of a preliminary report of the Grand Jury, and that

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body indicated that it was inquiring further into other situations. It is due to reconvene Wednesday, July 5, 1939, to hear other witnesses.

JAMES MONROE SMITH and his wife surrendered to local authorities at Brockville, Ontario, Canada, on the evening of July 1, 1939, and representatives of the District Attorney's office, Baton Rouge, and Louisiana State Police, are today enroute to Canada to return SMITH to Baton Rouge.

U. S. Attorney RENE A. VIOSCA of New Orleans, upon receipt of instructions from Attorney General MURPHY personally to inquire into the entire situation for the purpose of determining whether any Federal violations have occurred, began to call witnesses before the Federal Grand Jury at New Orleans on June 30, 1939. From my several conferences with U. S. Attorney VIOSCA since he received his instructions from the Attorney General, it is quite apparent to me that MR. VIOSCA has no definite organized plan of action, and that he personally would desire the FBI to "go into the whole situation". He has made a few specific requests of this office such as interviewing MR. ANDREW P. TUCWELL, the State Treasurer, JAMES A. NOE, and MRS. ALICE LEE GROSJEAN, formerly secretary to HUEY LONG, and the head of two departments of the State Government under Governor LECHE. These interviews have been conducted without developing any general information of interest.

MR. VIOSCA also has made the request that our Bureau investigate the 5% deductions made from the salaries of State employees to determine whether the Federal laws have been violated. Appropriate inquiries have been made in this regard and a summary of this situation will be found set out below.

MR. VIOSCA has also requested that the situation involving the three loans totaling \$500,000 made by SMITH be developed for possible Federal angles and this has been done by this office, with results shown hereinafter.

MR. VIOSCA has expressed to me a lack of confidence in the investigation into the WPA irregularities being conducted by the Division of Investigations of the Works Progress Administration under the supervision of its New Orleans agent in charge, MR. PAUL HANSEN. He has asked this office to investigate one specific angle of the situation involving Ex-Governor LECHE, which has been done, and a report is today being submitted relative thereto. These are the only specific requests which MR. VIOSCA has made of this office to date.

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The WPA investigators have not submitted any written reports to MR. VIOSCA, although I strongly suggested and urged him to insist upon written reports from them.

On Saturday, July 1, 1939, he received a report from the Intelligence Unit, Internal Revenue Bureau, relative to income tax evasions by SMITH, which will be commented upon hereinafter, and on the same date started presenting evidence to the Federal Grand Jury relative to such violation by having the Internal Revenue agent testify.

In presenting evidence to the Federal Grand Jury MR. VIOSCA has no apparent organization or definite objectives, since he has no Federal violations worked up completely, and is merely subpoenaing all persons who may have some evidence bearing on the entire situation. This is true of persons who have written MR. VIOSCA letters claiming to know details surrounding WPA irregularities, as well as other irregularities.

At the present time the Federal Grand Jury investigation apparently is in the nature of a general Grand Jury inquiry, and with the possible exception of the income tax evasion case against SMITH, it does not appear that any definite and complete cases of Federal violations of any description has been worked up sufficiently for proper and full presentation to the Grand Jury. Even the income tax case apparently needs additional investigation before all possible evidence is ascertained.

MR. VIOSCA expects to continue presenting witnesses before the Grand Jury for at least several weeks, and apparently hopes to obtain leads from the testimony of these people before that body which would enable further investigations into the different matters. As at the time of dictating this memorandum all requests made by the U. S. Attorney of this office, and which have been approved by yourself, have been fully complied with, and reports on everything handled by this office in connection with the entire matter are today going forward to the Bureau. The one exception to this statement is the investigation relative to the loans totaling \$500,000 obtained by SMITH concerning which further investigation will have to be conducted at the banks on Wednesday.

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2--JAMES MONROE SMITH--IRREGULARITIES

On about December 1, 1936 at New Orleans, Louisiana, James Monroe Smith, then President of the Louisiana State University, met J. M. Brown of Equities Inc., a firm dealing in commodities, (coffee, sugar, real estate, etc.,) through George Ashton also of Equities Inc. Smith subscribed to and purchased shares of stock in Equities Inc. in the amount of \$5,000.00 which was increased within thirty days to \$12,000.00. In January 1937 Smith was made Vice-President of this concern and received at first \$75.00 per month and later \$100.00 per month.

In December 1936 Smith told J. M. Brown that he wanted to trade in the stock market.

On December 10, 1936 J. M. Brown, the intermediate broker who maintained his office in the Union Building in New Orleans, Louisiana, filed with Fenner and Beane, brokers of New Orleans, Louisiana a power of attorney signed by James Monroe Smith. This power of attorney authorized Brown to buy and sell securities and commodities for Smith's account and vested in Brown all authority to deal for Smith.

On December 17, 1936 Brown submitted to Fenner and Beane a letter signed by Smith in which it was stated that it was the desire of Smith to use the account name of "J. Monroe". This signature was duly acknowledged by Smith in the presence of a representative of Fenner and Beane. Brown filed a customers contract card and loan agreement card signed by Smith giving as an address the address of Brown's office. Smith represented that he was dealing for a group of wealthy individuals in Baton Rouge, Louisiana.

From time to time Brown placed with Fenner and Beane cash and bonds, among these being a number of Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College Bonds and also \$50,000.00 Orleans Levee District Refunding Bonds.

In December 1938 Brown deposited with Fenner and Beane for the accounts of Smith, as additional collateral, \$375,000.00 Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College Bonds. In April, 1939 Fenner and Beane asked for a legal opinion on the bonds.

On May 2, 1939 Smith negotiated a loan for the Louisiana State University and Agricultural and Mechanical College at the National Bank of Commerce New Orleans, Louisiana for \$300,000.00, tendering a resolution dated March 8, 1939 by the Board of Supervisors authorizing the loan. Smith was issued a cashier's check payable to Fenner and Beane for \$300,000.00 the same date. This check was tendered to Fenner and Beane by J. M. Brown and was deposited to the account of Fenner and Beane in the National Bank of Commerce in New Orleans, Louisiana. The bonds were withdrawn from Fenner and Beane when the check was tendered.

On May 20, 1939 Brown delivered to Fenner and Beane, \$375,000.00 Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College bonds for safekeeping, with a statement that instructions would

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follow as to the accounts in which they were to be placed. These bonds were not needed as collateral. A few days later Fenner and Beane asked for a legal opinion which they advised would be forthcoming and on May 31 Fenner received instructions as to the accounts to which the bonds should be placed. A legal opinion was obtained from Benjamin Campbell, to the effect that the bonds were legal, but the approval of the State Bond and Tax Board was not promptly forthcoming so Brown was requested to take up the bonds by Fenner and Beane, which was done. On June 15, 1939 Brown deposited at the Louisiana Savings Bank and Trust Company, \$375,000.00 worth Louisiana State University and Agricultural and Mechanical College bonds which are presently in the bank.

On June 9, 1939 Smith negotiated a \$100,000.00 loan for the Louisiana State University and Agricultural and Mechanical College at the City National Bank of Baton Rouge, Louisiana, tendering a resolution dated May 29, 1939 of the Board of Supervisors authorizing the loan. Smith was issued a New Orleans Exchange on the Hibernia National Bank the same date for \$100,000.00 which bears the endorsement of the Louisiana Savings Bank and Trust Company, New Orleans. Smith took this check to Brown who in turn gave Fenner and Beane his own check for \$100,000.00 drawn on the Louisiana State Bank and Trust Company of New Orleans.

On June 14, 1939 Smith negotiated a loan for \$100,000.00 at the Hibernia National Bank, New Orleans, tendering a resolution dated May 29, 1939 of the Board of Supervisors authorizing the loan. Smith was issued a cashier's check the same date payable to the Louisiana State University and Agricultural and Mechanical College which check bears the endorsement of the National Bank of Commerce, New Orleans. Smith deposited this check in the account of the Louisiana State University maintained at the National Bank of Commerce and on June 15, 1939 he was issued a cashier's check drawn on the account of the Louisiana State University payable to Fenner and Beane in the amount of \$100,000.00. The bank claimed they issued the checks on Smith's instruction as Smith had the power to draw checks on the account.

On June 15, 1939 Brown delivered to Fenner and Beane the check for \$100,000 drawn on the National Bank of Commerce and stated that it was his intention to close the account. The balance of the commitments were closed by Brown and on June 15, 1939 Fenner and Beane delivered to Brown \$214,000.00 Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College Bonds.

The following checks were also delivered to Brown:

June 15, 1939	\$20,000.00
June 15, 1939	5,000.00
June 20, 1939	16,960.03

Brown claimed the bonds amounting to \$214,000.00 had been held by Fenner and Beane as collateral for about a year and that the checks received from Fenner and Beane in closing out the account were not given to Smith, but were retained to cover commitments of Smith; that he thought all the bonds submitted by Smith were legitimate.

Mr. Charles Fenner of Fenner and Beane claimed that on June 7, 1939 two Smith accounts of which there were several carried three and one half million

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bushels of wheat; that the market dropped from 74 to 68 thereby making it necessary to sell out the Smith accounts. Fenner further advised that there were deposited to the Smith account at one time \$50,000.00 Orleans Levee Board Bonds believed to be the property of Monte Hart (a member of the Hart Electrical Enterprise Co. and a member of Caldwell Brothers and Hart Construction Company, New Orleans which later company is alleged to have obtained a major portion of the construction work at the Louisiana State University in the \$13,500,000.00 building program). Fenner also advised that checks of Leon C. Weiss went into the Smith account (Weiss is an architect of the firm of Weiss, Dreyfouse and Seiferth, New Orleans and designed many structures in the State of Louisiana including the State Capitol).

With the exception of the one \$100,000.00 item, obtained from Baton Rouge, previously mentioned, the procedure usually followed by Smith in depositing money or collateral in his account with Fenner and Beane was for Smith to take the money or collateral to J. M. Brown who would have it delivered to Fenner and Beane which Smith waited in Brown's office for his receipt from Fenner and Beane.

It appears that Smith did not want his identity generally known, but it was of course known to Brown and Fenner and Beane.

Investigation is being conducted to determine the names of the persons who were payees in connection with checks issued by Fenner and Beane in handling Smith's account and is being set out in an investigative report. Arrangements have been made to check the records of J. M. Brown with reference to his dealings with Smith and also his dealings with Fenner and Beane for Smith.

Between June 23 and June 25, 1939 while Smith was staying at the New Orleans Hotel in New Orleans Smith called the residence of G. C. Heidelberg, Baton Rouge, Louisiana, Mrs. Heidelberg being his secretary, E. M. Jackson Business Manager of the Louisiana State University and the then Governor R. W. Leche, Covington, Louisiana using the name of Brown. At about 4:30 p.m. June 25, 1939 Smith handed in his resignation as President of the Louisiana State University to Governor Leche at Baton Rouge, Louisiana and at about 7:00 p.m. he and his wife Mrs. Thelma Ford Smith were taken from Baton Rouge to Memphis, Tenn. by Owen Ware, his son-in-law, and J. Emory Adams, his nephew. From Memphis the Smith's went through Chicago to Detroit, Michigan where they purchased a car and went into Canada and on July 1, 1939 are reported to have been taken into custody by the Police at Brockville, Ontario, Canada.

On June 30, 1939 an East Baton Rouge Parish Grand Jury, Baton Rouge, Louisiana indicted James Monroe Smith, Thelma Todd Smith, Owen Ware and J. Emory Adams and J. M. Brown in connection with Smith's alleged irregularities in Louisiana State University funds.

On July 1, 1939 Assistant U. S. Attorney Robert Weinstein swore to a secret complaint at New Orleans, Louisiana before U. S. Commissioner Reginald H. Carter, Jr., charging that on or about May 2, 1939 James Monroe Smith at New Orleans, Louisiana in violation of Section 588 b, title 18, U. S. C. A. did unlawfully, wilfully and feloniously enter the National Bank of Commerce and the building used by the said with intent to commit in such bank and building a felony, to wit, embezzlement of \$300,000.00 from the Louisiana State University and

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Agricultural and Mechanical College. A non est return was made July 1, 1939.

James Monroe Smith was born in Jackson Parish, Louisiana on October 8, 1888 and was one of nine children, three of which are still living. He moved with his family to Ward 8, West Monroe, Louisiana when about 16 years of age. Both his parents are dead but he has a step-mother, Mrs. J. H. Smith living at West Monroe, Louisiana. Smith is reported to have worked his way through school and thereafter became a teacher in the Public Schools of DeQuincy, Louisiana where his wife also taught. He was Dean in the College of Education at the Southwestern Louisiana Institute, Lafayette, Louisiana from 1920 to 1930. On November 17, 1930 he became President of the Louisiana State University and resigned June 25, 1939. Smith received a degree from Valparaiso University in 1913; an B. A. from the Louisiana State University in 1921; took graduate work at the University of Chicago in the summer of 1922; received an M. A. degree from Teachers College of Columbia University in 1925 and received a Ph. D. degree from Columbia University in 1927. Smith was married to Thelma Todd on June 3, 1914 and they have two children.

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